

One-Time Notification

Pub. 100-04	Transmittal: 21	Date: October 31, 2003	Change Request 2969
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SUBJECT: Update to Medicare Deductible, Coinsurance, and Premium Rates for Calendar Year 2004

I. GENERAL INFORMATION

A. Background: Beneficiaries who use covered Part A services may be subject to deductible and coinsurance requirements. A beneficiary is responsible for an inpatient hospital deductible amount, which is deducted from the amount payable by the Medicare program to the hospital, for inpatient hospital services furnished in a spell of illness. When a beneficiary receives such services for more than 60 days during a spell of illness, he or she is responsible for a coinsurance amount equal to one-fourth of the inpatient hospital deductible per-day for the 61st-90th day spent in the hospital. An individual has 60 lifetime reserve days of coverage, which they may elect to use after the 90th day in a spell of illness. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible. A beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21st through the 100th day of skilled nursing facility services furnished during a spell of illness.

Most individuals age 65 and older, and many disabled individuals under age 65, are insured for Health Insurance (HI) benefits without a premium payment. The Social Security Act provides that certain aged and disabled persons who are not insured may voluntarily enroll, but are subject to the payment of a monthly premium. Since 1994, voluntary enrollees may qualify for a reduced premium if they have 30-39 quarters of covered employment. When voluntary enrollment takes place more than 12 months after a person's initial enrollment period for HI benefits, the monthly premium increases by 10 percent.

Under Supplementary Medical Insurance (SMI), all enrollees are subject to a monthly premium. Most SMI services are subject to an annual deductible and coinsurance (percent of costs that the enrollee must pay), which are set by statute. When SMI enrollment takes place more than 12 months after a person's initial enrollment period, the monthly premium increases by 10 percent for each full 12 month period during which the individual could have been enrolled, but was not.

All contractors, shared system maintainers, and common working file maintainers should make all necessary changes to update these amounts.

Year 2004 Medicare Part A Deductible, Coinsurance, & Premium Amounts:

Deductible	\$876.00 per benefit period
Coinsurance	\$219.00 a day for days 61-90 in each period
	\$438.00 a day for days 91-150 for each "Lifetime Reserve" day used
	\$109.50 a day in a Skilled Nursing Facility for days 21-100 in each benefit period
Premium	\$343.00 per month for those who must pay a premium

\$377.30 per month for those who must pay both a premium and a 10 percent increase

\$189.00 per month for those who have 30-39 quarters of coverage

\$207.90 per month for those who have 30-39 quarters of coverage and must pay a 10 percent increase

Year 2004 Medicare Part B Deductible, Coinsurance, & Premium Amounts:

Deductible \$100.00 per year

Coinsurance 20 percent

Premium \$66.60 per month

B. Policy:

C. Provider Education: Intermediaries and carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site upon receiving this message. Also, intermediaries and carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about Medicare deductible, coinsurance, and premium rates for CalendarYear 2004 is available on their Web site.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
2969.1	Medicare contractors shall update Year 2004 Medicare Part A deductible and coinsurance amounts.	FIs, SS, CWF
2969.2	Medicare contractors shall update the Year 2004 Medicare Part A inpatient deductible rate to \$876.00 per benefit period.	FIs, SS, CWF
2969.3	Medicare contractors shall update the Year 2004 Medicare Part A coinsurance rate to \$219.00 a day for days 61-90 in each period.	FIs, SS, CWF
2969.4	Medicare contractors shall update the Year 2004 Medicare Part A coinsurance rate to \$438.00 a day for days 91-150 for each "Lifetime Reserve" day used.	FIs, SS, CWF

2969.5	Medicare contractors shall update the Year 2004 Medicare Part A coinsurance to \$109.50 a day in a Skilled Nursing Facility for days 21-100 in each benefit period.	FIs, SS, CWF
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III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting/Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date: January 1, 2004 Implementation Date: January 5, 2004 Pre-Implementation Contact(s): Joe Bryson Post-Implementation Contact(s): Appropriate Regional Office	These instructions should be implemented within your current operating budget.
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